



## HONOLULU SYMPHONY FOUNDATION

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Rep. Marcus R. Oshiro, Chair  
Committee on Finance  
Hawaii State Capitol, Room 308  
415 South Beretania Street  
Honolulu, HI 96813

Dear Chairman Oshiro,

I am writing in support of House Bill 2297, relating to the Performing Arts. In December 2010, Hawaii witnessed the demise of one of the oldest orchestras in the United States. Were it not for the State of Hawaii endowment fund, the 110 year old Honolulu Symphony would have folded four years earlier. It is this same endowment that is now providing major funding for the return of symphonic music to our state.

HB 2297 is important for several reasons, including 1) clarification of the Honolulu Symphony Foundation, and not the defunct Honolulu Symphony Trust, as the trustee of the Hawaii state endowment fund, 2) recognition of the need to support the newly-formed Hawaii Symphony Orchestra, and 3) giving flexibility to effectively manage and grow the endowment.

The State of Hawaii endowment fund was established in 1986, when the Honolulu Symphony Trust managed the orchestra's endowment funds. This trust was terminated in 1998, when its net assets were transferred to the Honolulu Symphony Foundation. HRS Section 40-88 has never been amended to reflect this change. HB 2297 aims to correct this.

Between October 2006 and September 2010, the Honolulu Symphony Foundation paid out over \$4.6M from its combined endowment funds. This extraordinary support allowed the orchestra to continue playing for another three full seasons. In spite of this exceptional level of support, the assets of the Foundation are still valued at almost \$10 million, which is close to the original contributions to its endowments. It should be noted that the Foundation had substantial gains on its investments during a fiscal crisis that depleted many other endowments. The structure of the Foundation allows it to grow the endowment through bequests, charitable trusts, and donor-advised funds. It is the most appropriate entity to manage the funds in endowment, and the language in HB 2297 acknowledges the Foundation's role in managing both investments in, and distributions from the endowment.

One of the reasons for establishing an independently-managed endowment was to ensure there would be funds to help form a new orchestra in the event of the failure of the Honolulu Symphony Society. Over the years, amendments to HRS §40-88 provided the flexibility to fund an unnamed professional orchestra. The wisdom of the intent was demonstrated earlier this year, when the Foundation made a distribution of \$400,000 to 'restart' a symphony season.





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The primary reason for the endowment is to sustain a resident professional orchestra in Hawaii. Aside from the cultural contribution of performances, the musicians employed by such an orchestra make possible performances of opera, ballet, musical theatre, jazz clubs, and the musical education of both children and adults. The University of Hawaii Music Department employs many of these musicians as lecturers and instructors. HB 2297 provides for much-needed flexibility to fund education of children.

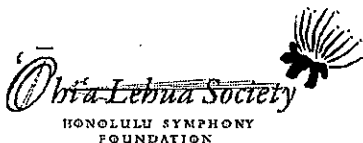
The State of Hawaii endowment fund has been an extremely effective means of supporting an orchestra. In the past 26 years, there have been two appropriations to the fund totaling \$6 million, for an average of \$230,769 per year. The Foundation is distributing between \$300,000 and \$400,000 a year to the orchestra, and the original \$6 million is still intact. This level of support was inadequate to sustain the Honolulu Symphony Orchestra, and it will not be enough to support the new Hawaii Symphony Orchestra.

The Hawaii Symphony Orchestra is at a critical point, where the level of funding will make or break the organization. In better times the state was contributing \$1 million annually for the orchestra's educational programs. Decreased funding resulted in the demise of Keiki Concerts, and the eventual closure of the orchestra. I strongly encourage this committee to consider an appropriation of at least \$1 million for first-year funding to the orchestra. These are difficult times, but it may be the last chance to restart the orchestra while the majority of musicians are still resident in Hawaii.

Thank you for your past support, and for your consideration of this bill.

Respectfully submitted,

Mark Wong  
Chairman  
Honolulu Symphony Foundation





**HAWAII**  
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CULTURE and the ARTS

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TESTIMONY OF  
STATE FOUNDATION ON CULTURE AND THE ARTS  
TO THE  
HOUSE COMMITTEE ON FINANCE  
ON

February 23, 2012

H. B. 2297 HD 1

Chair Oshiro and members of the committee, I am Eva Laird Smith, executive director of the State Foundation on Culture and the Arts (SFCA) and I am pleased to offer testimony on H. B. 2297 HD 1.

The SFCA appreciates the intent of this bill, which will bring live symphonic music back into the lives of Hawaii's people, following the dissolution of the Honolulu Symphony. We owe a debt of gratitude to those who organized performances and worked with musicians to keep orchestral music thriving in Hawaii's communities.

Honolulu is a major city in the United States and the world. The need for music coincides with our identity as a civilized society where the fine arts are valued, supported and perpetuated. Orchestral music, after all, is not just for the elite; since historic times, music is more from the populous and the multitude of cultures and traditions that are all part of our great global society. We all appreciate music in our lives.

The State Foundation is aware of the difficulties experienced with the management of the Honolulu Symphony and was at the table many times to discuss the business of the symphony with the Symphony management. Although we realize that we are living in and emerging from difficult economic times that threaten and compromise the arts, we

acknowledge that previous use of the fund did not touch the principal and that the funds were used exclusively for musicians' fees. Further, that subsequent legislation added significantly to the principal of the Endowment and extended the time in which pledges could be made and completed. The Endowment has remained intact through various economic cycles and more exigent conditions than we are currently experiencing in our state. We therefore find it prudent to defer to the Department of Budget and Finance as to the impact of H. B. 2297 HD 1 on the original intent of §40-88 and the State's best interests regarding the SOH Endowment.

Thank you for the opportunity to testify before you.